



Report for Leader (Housing, Homelessness and Regulatory Services portfolio)

Date:	28 June 2021
Reference Number:	HR01.21
Title:	Hackney Carriage Fares
Cabinet Member(s):	Cllr Nick Naylor
Author and/or contact officer:	Caroline Steven/Lindsey Vallis
Ward(s) affected:	All
Recommendations:	To consider the proposed new hackney carriage fares set out at Appendix 1 and, if appropriate, to approve them for statutory consultation purposes To consider and, if appropriate, approve the proposed methodology for future reviews of fares as described within the report
Reason for decision:	To provide a single tariff of fares for hackney carriages across the Buckinghamshire Council area from the 6th September 2021, facilitating the implementation of the Taxi and Private Hire Licensing Policy approved by Full Council on the 24th February 2021.

1. Executive summary

- 1.1 Local Authorities have the power to set a maximum tariff of fares that can be charged to passengers for hackney carriage vehicles (taxis). Unlike private hire vehicles which must be pre-booked, hackney carriage vehicles can ply for hire, be hailed by prospective passengers in the street and park on a rank to await the approach of passengers. There are currently four separate tariffs in use within the council area in the different legacy areas or zones. The approval of the new

Buckinghamshire Council Taxi and Private Hire Licensing Policy means that the current zones will be removed from the implementation date of the Policy on the 6th September 2021. As a result, it is now necessary to produce and implement a new, single set of fares for use by all drivers of hackney carriages (taxis). This will ensure that the Council complies with legal requirements and will provide consistency for both the taxi trade and for passengers.

2. Content of report

- 2.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 gives local authorities the power to fix maximum fares or rates for taxis for both time and distance travelled. Local authorities can also set charges for any additional matters such as the collection of passengers away from a taxi rank or the soiling of a vehicle.
- 2.2 Once a tariff of fares has been set, the driver cannot charge more than the charge shown on the meter, apart from in circumstances where a journey ends outside of the council area and a fee has been agreed in advance. Drivers can choose to charge less than the metered fare.
- 2.3 All of the legacy areas currently use different tariffs for taxis and there are two separate tariffs in force within the Aylesbury Vale area, with different fares covering the rural and town centre areas. All of these tariffs were originally implemented under the relevant legislation and have been periodically reviewed and amended following advertisement and consultation.
- 2.4 The new Buckinghamshire Council Taxi and Private Hire Licensing Policy was approved by Full Council on the 24th February 2021 on the recommendation of Licensing Committee and will be implemented from the 6th September 2021. The Policy removes the current legacy area hackney carriage zones thereby leaving one single operating zone. As a result, it is now necessary to produce a single set of tariffs for drivers of hackney carriage vehicles in Buckinghamshire.
- 2.5 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 sets out the process and requirements for the fixing of fares, which includes the requirement for advertising and a statutory 14 day consultation period.
- 2.6 Unlike most other matters relating to taxi and private hire licensing, the setting and approval of taxi tariffs is an executive function.

Process of Setting Fares

- 2.7 Local authorities are not required by law to set fares for taxis but the Office for Fair Trading conducted a market study in 2003 which found that passengers are in a relatively weak position to compare offers and negotiate prices when hailing taxis or using their services at a rank. The report further stated that this finding reinforced

the need for fare regulation of taxis and so it is considered to be good practice to set fares.

- 2.8 The Department for Transport's (DFT) Best Practice Guidance 2010 specifies that it is good practice not only to set fares, but also for local authorities to carry out a regular review of fares and to adopt a simple formula for deciding any fare revisions.
- 2.9 There are no national guidelines or guidance for the setting of fares and each local authority uses different methods and information in order to produce their local rates. However, it is accepted that any proposed tariff of fares should provide the driver with an acceptable income whilst also providing an affordable transport option for the passenger(s).
- 2.10 Fares should also be simple to understand, not able to be bypassed and set at a level which is competitive with the local private hire trade to avoid effectively pricing the taxi service out of the local market.
- 2.11 Various options have been considered in relation to the most appropriate method to be used to produce a single set of tariffs, including using either an average or the highest of the current legacy tariffs or producing an entirely new set of charges.
- 2.12 A tariff "calculator" has also been produced by Guildford Council, which uses various relevant data to calculate appropriate levels.
- 2.13 Further information on the options considered and the relative benefits and disadvantages to each is detailed below in section 3 of this report.
- 2.14 Any tariff used must be able to be programmed into a hackney carriage vehicle meter and so the setting of tariffs is usually carried out in conjunction with representatives of the companies who produce, programme and update meters.
- 2.15 Work has been carried out with a representative from Pulsar, who are one of the two main companies that carry out this work, and a set of proposed tariffs has been produced with their input and assistance. A tariff card containing the proposed new tariffs is at Appendix 1.
- 2.16 The proposed tariffs have been benchmarked both locally and nationally and compare favourably in both respects. The usual standard used for the benchmarking of tariffs is a two mile journey on Tariff 1 which is considered to be the most common journey on average.
- 2.17 The national average cost for this journey, as calculated from the figures provided within Private Hire and Taxi Monthly publication which are regularly updated, is £6. The local average cost for this journey is currently calculated to be £5.93. The proposed cost of this journey for the new Buckinghamshire Council tariff is £5.94. The local benchmarking figures are provided at Appendix 2 and the national

benchmarking figures are provided via weblink as Appendix 3 in the Background Papers at section 9. of this report.

- 2.18 The proposed tariffs will provide an increase in earning potential for hackney carriage drivers across all of the legacy areas. The only exception to this increase relates to longer journeys for the current Aylesbury Rural tariff, although drivers who previously were restricted to working in this area will now have the benefit of being able to work across the Buckinghamshire Council area and in town centres, with greater potential for both work and earnings. The tariffs are higher for shorter journeys which are generally considered to be more common.
- 2.19 The proposed tariffs are also simpler to understand for both drivers and passengers compared with some previous legacy tariffs, with a reduced number of tariff bands and applicable times and dates.

Future Review of Fares and Amendment

- 2.20 With regard to future tariff reviews and amendment, it is suggested that a simple formula should be adopted in this respect as per the DfT's Best Practice Guidance. It is considered that this should be based on continuing local and national benchmarking whilst also taking into consideration the impact of inflation, both in terms of the Consumer Price Index (CPI) and the Retail Price Index (RPI).
- 2.21 It is suggested that any amendment to fares should take effect on the 1st April, being the beginning of the financial year. In order to allow sufficient time for data to be collected, reports to be produced and considered and statutory consultation and advertising to take place, it is suggested that the relevant inflation data is taken from figures produced in November each year.
- 2.22 The CPI measures the weighted average prices of the basket of goods and services consumed by households which includes fuel, which is one of the main areas of expenditure for taxi drivers. The RPI calculates the variations in the cost of retail goods and services and also accounts for housing costs, such as mortgage interest payments and vehicle servicing. Therefore, data from both indices are relevant when calculating any adjustment to fares.
- 2.23 It is suggested that an average of the November CPI and RPI figures are used as a basis for any proposed increase in fares, having also taken into account the views of the trade and both local and national benchmarking to ensure that the council tariffs are reasonable and proportionate to both drivers and passengers.

3. Other options considered

- 3.1 Various options have been considered in producing the new council fares, including using existing legacy fares as a basis for any calculation. This could either be

achieved by using an average of the current fares or adopting the highest of the legacy fares.

- 3.2 Given that tariffs in some of the legacy areas have not been reviewed for a number of years it was considered inappropriate to use the average of existing charges as a basis for producing a new set of fares because it would be likely to result in disproportionately low fares, as evidenced by the legacy authority only comparison figures at Appendix 2.
- 3.3 Likewise, using the highest of the current legacy tariffs (Aylesbury Rural) is considered to be inappropriate because some of the charges for longer distances are comparatively disproportionately high, both locally and nationally. This is due to the nature of work and average journey length undertaken currently by drivers in this specific area, which will become less relevant following the removal of the hackney carriage zones.
- 3.4 Officers have also spent some time reviewing the Guildford fare “calculator” and considering whether it could be used to assist with tariff setting for Buckinghamshire. Unfortunately, the calculator does not suit our local market and the resulting tariffs were again disproportionately high, both locally and nationally, as can be seen from the local comparison figures on Appendix 2. As a result, they would not have been appropriate for passengers or hackney carriage drivers.

4. Legal and financial implications

- 4.1 Financial implications – apart from officer time taken to produce the draft tariffs, consult with the trade and prepare reports, the only financial implications relate to the statutory requirement to advertise the new fares in newspapers which cover the entire council area. This is likely to cost in the region of £5,000 and is covered from within the Service budget.
- 4.2 Legal implications – local authorities have the power under section 65 Local Government (Miscellaneous Provisions) Act 1976 to set maximum fares for hackney carriage vehicles. Unlike private hire vehicles, Hackney carriages can be hailed on the street or operate from ranks and there is no need for a pre-booking to be made or for a quote to be provided on request.

Drivers are not permitted to charge more than the metered fare, apart from in certain exceptional circumstances. The fixing of maximum fares is considered to be best practice and allows certainty and fairness for both driver and passengers and reduces the risk of disagreements. There is no similar power to set fares for private hire vehicles which must be pre-booked.

5. Corporate implications

- 5.1 By providing a safe, affordable and accessible transport option, the setting of maximum fares contributes towards the Council's key priorities in relation to both strengthening communities and protecting the vulnerable
- a) Property – there are no property impacts
 - b) HR – there are no HR impacts
 - c) Climate change- measures to encourage the use of low emission vehicles have been addressed in the new Hackney Carriage and Private Hire Policy. It is hoped that the removal of the hackney carriage zones will also result in a reduction of wasted taxi journeys.
 - d) Sustainability - the provision of public transport reduces the need for car ownership. A policy that promotes fairly and consistently priced transport options is more likely to be desirable to passengers and further reduce the need for vehicle ownership.
 - e) Equality – a full equalities impact assessment has been carried out in relation to the new Hackney Carriage and Private Hire Licensing Policy which was provided to the Licensing (Regulatory) Committee in February this year for consideration. It is not considered that any additional work is required in this respect regarding the approval of a new set of taxi fares. Any fares set will treat all passengers and drivers fairly and equally.
 - f) Data – there are no impacts on data protection
 - g) Value for money – the proposed new fares are set at a level to provide an affordable transport option and value for money for passengers whilst also ensuring that drivers receive an appropriate income which is consistent across the Buckinghamshire area

6. Local councillors & community boards consultation & views

- 6.1 A comprehensive consultation process was undertaken prior to the approval of the Taxi and Private Hire Licensing Policy which was publicised to all local councillors and community boards. This feedback was presented to the Licensing Committee prior to the recommendation to Council to approve the Policy.

7. Communication, engagement & further consultation

- 7.1 Informal pre-consultation with the taxi trade has taken place, including an online meeting with trade representatives to discuss the proposed new tariffs. It was clear from the discussion that there is concern about the removal of the zones and that

different areas have different concerns about the proposals. This is not unexpected considering the changes that the new Policy introduces and these views were considered by the Licensing Committee following the consultation process on the Taxi and Private Hire Licensing Policy.

- 7.2 The trade in Aylesbury town centre, who would benefit the most from the proposed fares in terms of increase, are concerned that the proposed tariffs are set too high and that it will inevitably price them out of the market compared with private hire vehicles. The representative was reminded that any fixed fares are maximum prices and that drivers are able to charge less than the metered fare if they choose to do so. It is necessary to set the tariffs at a level that is appropriate for drivers across the whole council area and provides a consistent maximum tariff for passengers travelling in Buckinghamshire.
- 7.3 The trade in the rural area of Aylesbury requested that the tariff card be amended to include all journeys where more than four passengers are carried in Tariff 2, as opposed to having separate changes for additional passengers. It is considered that this is reasonable in the circumstances and will not greatly adversely affect passengers. The tariff card has been amended accordingly as a result of this feedback.
- 7.4 The trade in High Wycombe were concerned that the majority of their journeys are very short and that they may accordingly lose financially on these journeys due to the increase in the incremental yardage, although they accept that they will benefit from the higher flag price and also for any journeys which are longer than one mile. This issue has been clarified with the meter company representative who has confirmed that the trade had misunderstood how the new tariff would work in practice and that this will not be the case even for shorter journeys. There will be no reduction in fares for shorter journeys or journeys of any length. This information has been fed back to the trade.
- 7.5 Concern was also expressed about the removal of the additional 40p charge for any journey commencing from the High Wycombe railway station. The rank in this station is located on land owned by Chiltern Railways and drivers are required to pay for a permit at an annual cost of £600 to ply for hire from this rank. It should also be noted that these permits are in very high demand within the trade and that no additional payments are given to drivers in other areas who are required to buy permits to work from railway stations (e.g. Aylesbury Parkway).
- 7.6 It is considered that this issue is largely a commercial decision and it would be unfair and inconsistent to passengers using any other railway stations throughout the council area for this additional tariff charge to apply at only one station. However,

Officers will explore the possibility of providing a rank at the railway station in the longer term which is on land recently purchased by the council and for which no permit would be required.

- 7.7 The Chiltern trade representative was unable to attend the meeting but was asked to provide any concerns in writing. The Service also spoke to the representative from Chiltern by telephone and no concerns have yet been raised. There isn't a formal representative for the South Bucks area hackney carriage trade and the hackney carriages in this area tend to be used as private hire vehicles, partly due to the demographics of the area but also due to the lack of rank space.

8. Next steps and review

- 8.1 If approved, the proposed fares will be published in line with the statutory advertising requirements for the required minimum 14 day consultation period.
- 8.2 Following the formal advertisement and consultation period, if there are no objections the proposed tariffs will become effective from the implementation of the new Taxi and Private Hire Licensing Policy on the 6th September 2021. Should objections be received, a further report will be submitted, providing an update on the feedback received and requesting approval of the tariffs with any appropriate amendments, also to become effective on the 6th September 2021.

9. Background papers

- 9.1 Department for Transport Best Practice Guidance (2010)

<https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-best-practice-guidance>

Competition and Markets Authority with reference to Office for Fair Trading Market Study in 2003

<https://www.gov.uk/government/publications/private-hire-and-hackney-carriage-licensing-open-letter-to-local-authorities/regulation-of-taxis-and-private-hire-vehicles-understanding-the-impact-on-competition>

Appendix 3: National tariff league tables, Private Hire & Taxi Monthly

<https://www.phtm.co.uk/newspaper/taxi-fares-league-tables>

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report.

